The Progressive Review

Nbr 322
February 1994

Covering up for Clinton

The *Wall Street Journal* wouldn't touch it, the *New York Times* spent its investigative efforts discrediting those who brought the bad news and the *Washington Post* omitted basic details while publishing an *Outlook* article that suggested that most married men did it, so what's the big deal?[1] Thus much of the capital's establishment and others living in Shuttle Alley remain unfamiliar with the latest accounts of the Clintonian lifestyle as provided by four Arkansas state troopers to the *American Spectator*, an eastern conservative monthly, and the *LA Times*, a western establishment daily. The tawdry and revelatory specifics of the main story -- now known as Fornigate -- were quickly lost in these parts amongst journalistic reflections on the character of the messengers, philosophical cud-chewing about the need to discuss such matters as all, and faithful transmittal of the White House spin that the story was fading anyway.

While there was probably an element of jealousy in the priggish response of the eastern journalistic junta, it seems more likely propelled by the deep reluctance of such papers to admit that the man ruling the system they so mightily revere may well be a deceptive, power-abusing, immature, woman-exploiting sex addict.

This in essence is what the Fornigate stories depicted. In response we were told by self-righteous and spun-dry preceptors of the press that:

• *It wasn't news.* Wrong. The stories are as revealing of the nature of both Clintons as a month's worth of White House journalistic thumbsuckers. The tales are far more than a high level replay of that country song, *Living Here, Loving There and Lying in Between* -- particularly because of the obsessive and reckless behavior they describe.

• *It was old news.* The logical conflict between this argument and the previous one passes unnoticed. In any case, the last time such stories floated about, the media suppressed them with great effectiveness. Thus while stories circulated within the closed circuits of the campaign and among the press, the public was excluded. As far as the ordinary reader is concerned, news that is spiked hardly counts as news.

Even more significant is the fact that the stories allege acts by Clinton *after* he and his wife assured the public that their marriage problems were over. The *LA Times* reported that the troopers contended that Clinton continued his affair with one woman as late as January 1993. One trooper reported bringing a woman to the governor's mansion in the pre-dawn hours at Clinton's orders on three occasions after the election.

• *Well then, these stories were discredited during the campaign.* What really happened is that most of the press didn't want to find out about these matters, others found out and wouldn't tell and still others went looking but came up short. There is, however, a world of difference between not discovering or reporting a story and discrediting it.

• *Okay, but the president is entitled to privacy.* There is merit to this argument and we may some day have a president who enjoys, practices, and therefore deserves, privacy. Clinton is not one. Clinton's whole life has been built around publicity, a manic drive to be seen and heard. As he told one of his troopers, "You know, I'm going to have to stay in politics now, because I'm too old to be a movie star."

Clinton naturally wishes to control the nature of that publicity while simultaneously ensuring its steady flow. It is a foolish and arrogant wish and, indeed, the Arkansas stories describe a man flirting with public exposure -- is there a touch of self-destruction here? -- in a manner that, if nothing else, raises questions about his general prudence.

• *The press covered up for JFK.* Indeed it did, and partially because of the ensuing mythology, it has taken us three decades to begin to get a realistic notion of what sort of man and president Kennedy really was. Things go better in a democracy if you can size up your politicians while they're still alive.

• *The troopers who told the stories have lied in the past.* Wrong. Only two troopers are accused in cheating on

[1] In fact, there is considerable statistical uncertainty on this matter. Other studies have suggested an infidelity rate as low as 10-15%.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Progressive Review
Bucking the system since 1966

The Progressive Review is published approximately 9 times a year. Formerly the DC Gazette. One year subscription: $16. Two year subscription: $29. Single copies: $2.00. The Review uses Pacific News Service and New Liberation News Service. The Review monitors both Compuserve and Peacenet.

Editor: Sam Smith
The Progressive Review
1739 Connecticut Ave NW
Washington DC 20009
202-232-5544
Fax Nbr: 202-234-6222

Compuserve ID: 72067,1525
Peacenet handle: ssmith
Gateway address from Internet:
ssmith@igc.org
ISSN 0889-2202

Become a supporting subscriber: Many small circulation publications keep going with the help of supporting subscribers who contribute a sum in addition to their regular subscription to aid the publication in its work. You will note on your renewal form that there is such a category. We will be grateful if you indicate your support of our efforts by subscribing or renewing with a contribution above the normal fee or by sending us a contribution today. Mail to the Progressive Review, 1739 Connecticut Ave NW DC 20009

Help spread the word: To introduce the Review to friends through a free trial subscription, just write their names and addresses on a postcard and send it to the Review.

Copyright 1993, The Progressive Review. Articles not otherwise copyrighted may be reprinted by other periodicals provided they give proper credit and pay their normal reprint fees, if any.

an auto insurance claim. The impression has been widely given that only these troopers provided the accounts. There were actually four -- two on, and two off, the record.

For example, the original *LA Times* story began:

Four Arkansas state troopers have revived allegations and offered new details about extramarital affairs that caused a crisis in Bill Clinton's campaign for the presidency.

But by December 24, the number of troopers had been cut in half by Michael Wines of the *New York Times*:

For almost a week two Arkansas state troopers have held the attention of the White House and much of the national press by saying they had firsthand knowledge that the President is a power-happy philanderer.

Wines then went on to attempt to discredit the two on-the-record troopers. Only in the fourteenth paragraph of the story did Wines refer obliquely to "interviews with other unnamed witnesses to some events."

It should be noted, if police had to rely on the pure character of witnesses they would never solve most crimes. Further, while the false insurance claim clearly raises a doubt about two of the troopers, how many documented lies, evasions and half-truths can also be credited to the subject of the stories?

On the notorious *Sixty Minutes* show, for example, Clinton was asked about Gennifer Flowers' allegation that she had a 12-year-affair with him. Clinton replied, "That allegation is false." It now appears that Clinton lied. Why doesn't that matter? Does Bill Clinton have some sort of immunity from being called to account for his prevarication? Is he to believed simply because he is president?

• *The stories lack corroboration:* Wrong. Even if one dismisses the testimony of the four state troopers, one is still left the following from the *LA Times*, an aspect obscured or downplayed by the *New York Times* and other papers:

A review of thousand of pages of state telephone records and other bills show numerous calls by Clinton to [one of the women]. The state records are incomplete and after the spring of 1990 few cellular phone bills were placed in the public file. The records, which cover only a portion of the telephone calls made on Clinton's car phone and from his hotel rooms between 1989 and 1991 -- show 59 calls to the woman's home and to her office extension during that period.

On one day alone, July 16, 1989, the records show 11 calls to the woman's home from Clinton's cellular phone.

Two months later, when Clinton was on a state-paid trip to Charlottesville, Va., the bill for his hotel room showed a call placed to the woman's home was made at 1:23 am. It lasted 94 minutes, according to Clinton's hotel billing statement. At 7:45 am the same day, according to the hotel record, the same number was called again and [the call] lasted 18 minutes.

Of course, those critical of Fornigate coverage may not be all that interested in corroboration anyway. After all, by the time Clinton was inaugurated, Art Harris had reported in *Penthouse* that Gennifer Flowers' mother, ex-roommate and even a former boyfriend confirmed the existence of a relationship with Clinton far beyond the casual acquaintanceship. None of these people, incidentally, were fond of Flowers' behavior. Harris' story was ignored by major media.

Now -- again widely unreported -- the Arkansas state troopers have provided further substantiation of the Flowers story. Three of the troopers say that Clinton maintained a long relationship with Flowers despite his denials during the 1992 campaign. The troopers said they handled hundred of phone calls from Flowers to Clinton, and that they drove Clinton to her apartment for

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Clinton's Buddy

As part of the spin control for Fornigate, the White House has used the former head of Clinton's gubernatorial security squad, Captain Raymond L. 'Buddy' Young, who now runs regional office of the Federal Emergency Management Agency in Texas -- an agency which coordinates federal response in disasters such as tornadoes and hurricanes. Young urged the troopers not to go public with their story although he denies his efforts involved veiled threats. He admits writing one of the troopers about his health but says, "Larry has heart problems, and I was concerned about his cholesterol."

This is the same Captain Buddy Young who was described by a federal judge during a court case in 1990 as having a "reckless disregard for the truth."[1]

The defendant in the case was Terry Reed, one of a number of Arkansas Contra operatives and a former CIA asset who worked with Felix Rodriguez, the important Contra link to the CIA and then-Vice President Bush's office. Asked to take part in Operation Donation, under which planes and boats needed by the Contras "disappeared," allowing owners to claim insurance,. Reed claims he refused, but that his plane was removed while he was away. It was returned two years later in 1987, but Reed was asked not report it because it might have to be "borrowed" again. Reed says that he had meanwhile become aware that the Contra operation also involved drug running and got cold feet. He also believed that large sums of drug money were being laundered by leading Arkansas bond brokers. He went to Rodriguez and told him he was quitting. As a defector, Reed thinks he became a threat to the Contra and drug operation.

Reed was subsequently charged with mail fraud for having allegedly claimed insurance on a plane that was in fact hidden in a hanger in Little Rock. According to Capt.Young, as reported in the *Washington Times,* Young was walking around the North Little Rock Airport when "by an act of God" a gust of wind blew open the hangar door and revealed the Piper Turbo Arrow.

The case against Reed was thrown out of court by the federal judge who said, "It's my opinion no jury could find by reasonable doubt that the defendant was guilty. There are too many holes in the chain of proof for the government to prove mail fraud."

Reed subsequently sued Young, claiming that Clinton's security chief had "manufactured, altered, tampered, removed and planted evidence," had given false testimony in order to get a search warrant and had lied before a federal grand jury. No date for the trial has been set.

In January 1992, in yet another Clinton story ignored by the major media, the *Arkansas Democrat-Gazette* reported: "A federal judge ruled Tuesday that an unlawful conspiracy may exist in the case . . . US District Judge Elsijane T. Roy made that statement in a court order in which she refused to dismiss a lawsuit. Arkansas State Police Capt. Raymond "Buddy" Young, head of the 11-man security forces at the Governor's mansion, is accused in the lawsuit of fabricating a federal crime against Terry K. Reed of Albuquerque NM, formerly of Little Rock. . ."

So far the media has shown little interest in how and why Clinton's bodyguard ended up in a $92,000 a year job with FEMA. While Congress established FEMA to handle disasters, preventing exposure of the President's sexual excesses was probably not what it had in mind.

assignations. One of the troopers also claims hearing Clinton discussing a state job for Flowers. She was later hired in a move criticized by a state grievance panel that found she had received preferential treatment despite ranking only 9th among 11 outside candidates for the job.

It should also be noted that this story has better corroboration than the Clarence Thomas, John Tower, or (so far as is known) allegations in the Senator Packwood case.

• *Okay, but there has been no corroboration from any women involved.* Wrong. Three women, including Flowers, have told the media of affairs with Clinton. They include a former Miss Arkansas who told the *Sally Jesse Rafael Show* in July 1992 of having an affair with Clinton. And another woman reported being approached by a Clinton aide by a hotel pool in 1984 who then arranged a sexual encounter with the governor.

---

[1] This was first reported by Alexander Cockburn in the *Nation* in 1992 and again by Jerry Seper in the *Washington Times* on Dec. 24, 1993.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

MEANWHILE, HERE IS WHAT SOME OF THE MEDIA WOULD LIKE YOU TO THINK ABOUT THE CLINTONS

IF WE COULD BE ONE-HUNDREDTH AS GREAT AS YOU AND HILLARY RODHAM CLINTON HAVE BEEN IN THE WHITE HOUSE, WE'D TAKE IT RIGHT NOW AND WALK AWAY WINNERS . . . THANK YOU VERY MUCH AND TELL MRS. CLINTON WE RESPECT HER AND WE'RE PULLING FOR HER.'

(Dan Rather, talking with the Clintons via satellite at a CBS affiliates meeting)

ROGER CLINTON'S LIFE IS IN SOME WAYS THE STORY OF ANY YOUNGER SIBLING CLOBBERED BY THE SPECTACULAR SUCCESS OF THE ONE WHO CAME BEFORE . . . IF YOUR BROTHER IS CHRIST, YOU HAVE A CHOICE: BECOME A DISCIPLE, OR BECOME AN ANTI-CHRIST, OR FIND YOURSELF CAUGHT SOMEWHERE BETWEEN THE TWO.

(Laura Blumenfeld, Washington Post)

IN THE MIDST OF REDESIGNING AMERICA'S HEALTH CARE SYSTEM AND REPLACING MADONNA AS OUR LEADING CULT FIGURE, THE NEW FIRST LADY HAS ALREADY BEGUN WORKING ON HER NEXT PROJECT, FAR MORE METAPHYSICAL AND UPLIFTING.... SHE IS BOTH IMPERSONAL AND POIGNANT – WITH MUCH MORE DEPTH, INTELLECT AND SPIRITUALITY THAN WE ARE USED TO IN A POLITICIAN . . . SHE HAS GOALS, BUT THEY APPEAR TO BE SO HUGE AND FAR OFF – GRAND AND NOBLE THINGS TWINKLING IN THE DISTANCE – THAT IT'S HARD TO SEE WHAT SHE SEES.

(Martha Sherrill, Washington Post)

Compiled by the Media Research Center

• *The troopers are just doing it for money.* There is no doubt that there is plenty of money hanging around this story and the troopers may get a piece of it via a book or movie or whatever. But it is also true that reporters capitalize financially on such stories whenever they can. And, one might ask, is Katherine Graham publishing the *Washington* Post pro bono? Further, how are we to evaluate Colin Powell's book given that he was paid $6 million to write it? There is something faintly absurd about the powerful and the well-heeled attacking low level whistleblowers for having the potential of a book contract.

• *Well then it doesn't have any bearing on affairs of state.* The best way to handle this is to leave the matter to the readers and run the story. If you wish to make you own judgment, get hold of the January issue of the *American Spectator.* In it you will find an account of a man who, according to four close witnesses, regularly abused the privileges of public office, showed so little respect for the women he chased that he used state troopers as procurers, and who showed such a consistent willingness to deceive that he cheated on both his wife and his mistress at the same time. You will also find an account of Hillary Clinton disturbingly at odds with the syrupy version being used, say, to hawk the president's healthcare plan. Sleazy, yes, sad, yes, but irrelevant, absolutely not.

Consider, for example, Clinton's temper which once propelled an apple from the back seat of the state car to the front windshield. Or the cellular phone smashed on the pavement. Or the contents of a desk swept to the floor.

Consider this man of diversity who not only links Mario Cuomo to the Mafia, but is said to have referred to Dukakis as that "little Greek motherfucker" and jokes about Ted Kennedy not being able to "get a whore across a bridge."

Consider this man who speaks about personal responsibility who is accused of using state police officers to do opposition research for his campaigns.

Consider the possibility that Hillary Rodham Clinton is not the charming paragon we have been consistently presented by the media but frequently foul-mouthed and calculatingly ambitious. And consider that she is alleged to have had an affair with Vince Foster, whose subsequent suicide -- and Ms. Clinton's reaction to it -- is now inextricably linked with the whole Whitewater Development affair. Even Fornigate prudes admit *that* has news relevance.

Consider finally a father who, according to the troopers, had oral sex with a woman in a car on the playground of his daughter's elementary school.

In sum, what the *LA Times* and the *Spectator* have done is to challenge with four eyewitness accounts as well as telephone records the carefully massaged image of the First Persons that has been so uncritically accepted by much of the media. They have done it because this is not Oz but America. This is not a movie but real life.

It is professionally hypocritical and democratically dangerous for the media to repeatedly present saccharine

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

images of the private Clintons that mislead and lull the public while concealing facts that directly contradict these images. If we must watch loving pictures of Hillary Clinton handing out chocolate cookies, it is only fair that we also know that she has the mouth of a Arkansas state trooper and that she and her husband are far from being model of the family values they have taken to chattering so unctuously about. And if Bill Clinton is to demand "personal responsibility" from a generation of struggling welfare mothers, why should we expect less from him?

-- *Sam Smith*

Whitewater guide to Arkansas

Bill Clinton and Jim McDougal were buddies. In the late 1960s they worked together in the office of Senator J. William Fulbright. During the 1992 campaign. The *Washington Post* described the relationship this way:

> Although Clinton and McDougal were alike in many ways -- both loved politics, both were gregarious, energetic men with a storytelling flair -- McDougal was interested in making money while Clinton was obsessed with political stature. McDougal was a deal-maker even in his twenties, putting together real estate ventures for Fulbright and a host of other Arkansas politicians.

In 1978 Bill and Hillary Clinton bought some land deep in the Ozarks with Jim and Susan McDougal. What has happened since is a convoluted tale that has shaken the White House, led the Resolution Trust Corporation to seek Justice Department assistance in a criminal investigation, provoked an FBI raid on the offices of a man who alleges the president pressured him into making an illegal SBA loan, led government investigators to look into a 1985 Clinton fund-raiser, and has caused some to suspect a link to the death of White House aide Vince Foster.

What follows is a summary of what is known about this story to date as reported by various media, including the *Washington Times, New York Times, Newsweek, Time, Washington Post, LA Times, Wall Street Journal and* Washington's *City Paper.*

1976

Bill Clinton is elected attorney general of Arkansas.

1978

Clinton is elected governor.

The Clintons and McDougals buy land in the Ozarks for $203,000. They use two loans, an unsecured one from a Little Rock bank and another which uses land as collateral. Land is subsequently transferred to Whitewater Development Corporation, in which the Clintons are given a 50% interest. During the 1992 campaign, Denver lawyer and Clinton ally James Lyons will tell reporters that the Clintons had put up $68,900 for the land and the McDougals put up $92,000 although this is later questioned.[1] Lyons says that the McDougals "exercised total control" over the corporation. He admits, however, that he has not seen all the documents nor talked to the McDougals. He also says nothing about other land transactions revealed later.

1979

Governor Clinton appoints Jim McDougal an economic development advisor.

1980

Bill Clinton loses re-election as governor.

Jim McDougal leaves state government, buys controlling interest in the Bank of Kingston, Ark, with Clinton aide Steve Smith. Jim Guy Tucker, later governor, is a shareholder.

Ms. Clinton gets at $30,000 loan from the bank. She uses one of 42 lots in Whitewater for collateral. According to the *New York Times* in 1994, the money was borrowed by Ms. Clinton, not Whitewater, "because banking rules make it difficult for owners of banks to lend money to themselves or their business ventures." In 1994, *Time* reports: "Marlin Jackson, who was then Arkansas banking commissioner, has told *Time* that the loan violated state regulations because the home and borrower's residence were outside the area in which the bank was permitted to lend."

Whitewater sells its best lot to real estate dealer Chris Wade. Wade now says he paid $32,000 for the lot and can't explain why the tax stamps fixed the deed indicate a selling price of only $2000.

1982

Bill Clinton is reelected governor.

According to the *Washington Post*, Whitewater land sales now total $300,000. Clinton borrows $30,000 to pay for a model home on a Whitewater lot.

Jim McDougal buys Madison Guaranty Savings & Loan, which has assets of $3 million. The *Washington Times* later writes:

> When the savings and loans were deregulated in the '80s, Mr. McDougal bought a tiny S&L in Augusta, Ark., a cotton

[1] In January 1994, *Time* reports that Clinton used an unsecured loan for $20,000. The same month, McDougal tells Associated Press that the Clintons only put up about $9000 in cash. The *New York Times* says the Clinton's "wound up contributing significantly less to the venture than the McDougals." *the New Yorker* writes that the Clintons "apparently put up no cash."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

crossroads hamlet just up the way from Dixon, Des Arc and Cotton Plant, and moved it to Little Rock. He threw a spectacular party at its opening in the renovated quarters of an old laundry on south Main Street -- a nice irony given the questions to come -- and sped around town in a Bentley. Susan McDougal -- decked out in hot pants to show off a showgirl's legs, astride a white stallion -- appeared in the television commercial of the newly relocated Madison S&L

1983

State regulators warn McDougal's Madison Guarantee S&L to stop making imprudent loans. Gov. Clinton is warned of the problem but takes no action.

1984

A Federal Home Loan Bank Board report says that Madison has engaged in "unsound lending practices" and has improperly recorded profits that could "adversely affect net worth." The report, written by Sarah J. Worsham, says that the S&L is still solvent for the time being. A few months later, Worsham is hired by Madison as a senior vice president at $65,000 a year. She is also added to the firm's board of directors and management committee, and is given a $500 a month expense account as well as use of a $35,000 Bentley automobile.

Jim McDougal tries to prevent state agencies from shutting down his S&L, which has been providing cash for the Whitewater operation. According to the *Washington Times,* Ms. Clinton is put on a $2000 a month retainer by the S&L.[1] Ms. Clinton will later claim not to have received any retainer nor to have been deeply involved with Madison. Subsequently, records will show that she did represent Madison before the state securities department. Prior to this revelation, Ms. Clinton will even deny representing clients before her husband's government. After the revelation, she says, "For goodness sakes, you can't be a lawyer if you don't represent banks."

Susan McDougal recalls Ms. Clinton coming in and drumming up the business. Ms. McDougal will tell the *Washington Post:* "The problem was finances, her finances."

The *Washington Times* will later quote an unnamed Clinton business associate who claims the governor used to "jog over to McDougal's office about once a month to pick up the [retainer] check for his wife."

Jim McDougal's version of the story, according to the *LA Times,* is that Clinton asked him to throw some legal work his wife's way to help the Clintons out of a financial crunch: "I hired Hillary because Bill came in whimpering that they needed help."

---

[1] The *Washington Post* will later report that the retainer covered the services of *two* lawyers, including Ms. Clinton.

Ms. Clinton handles the case even though she, unlike ten other partners in the firm, is not a listed expert in legal financial matters. She seeks state permission to recapitalize the failing S&L.

Hillary Clinton's law firm tells state regulators that Madison is heading for improvement. Writes a lawyer for the firm: "The applicant anticipates that no deficiency will exist in the near future."

Meanwhile, federal regulators looking at Madison find "unsafe and unsound lending practices" and say "the viability of the institution is jeopardized." Among the problems: the granting of $17 million in loans to the S&L's officers, directors, relatives and friends. Recipients include Seth Ward, father-in-law of Hillary Clinton's law partner Webster L. Hubbell (now associate attorney general). Jim Guy Tucker, later governor, borrowed a million but paid back only half.

Whitewater makes overdrafts in its Madison checking account.

Madison is also selling scores of lots on an isolated island off the coast of Maine without making required disclosures of risks involved nor registering with the US Department of Housing and Urban Development. According to the *New York Times*, Madison's lawyers learn of the failure; one of them, Beverly Bassett, writes a memo describing it as "willful."

At this point, reports *Time*, tens of thousands of dollars in mysterious checks begin moving through Whitewater's account at Madison Guaranty "according to a later probe by the Resolution Trust Corp. The investigators suspect that McDougal was operating a check-kiting scheme to drain money from the S&L, but found no evidence the Clintons were aware of it."

Clinton takes out a $50,000 personal loan, used to finance the final weeks of his campaign. In 1994, the *New York Times* will report:

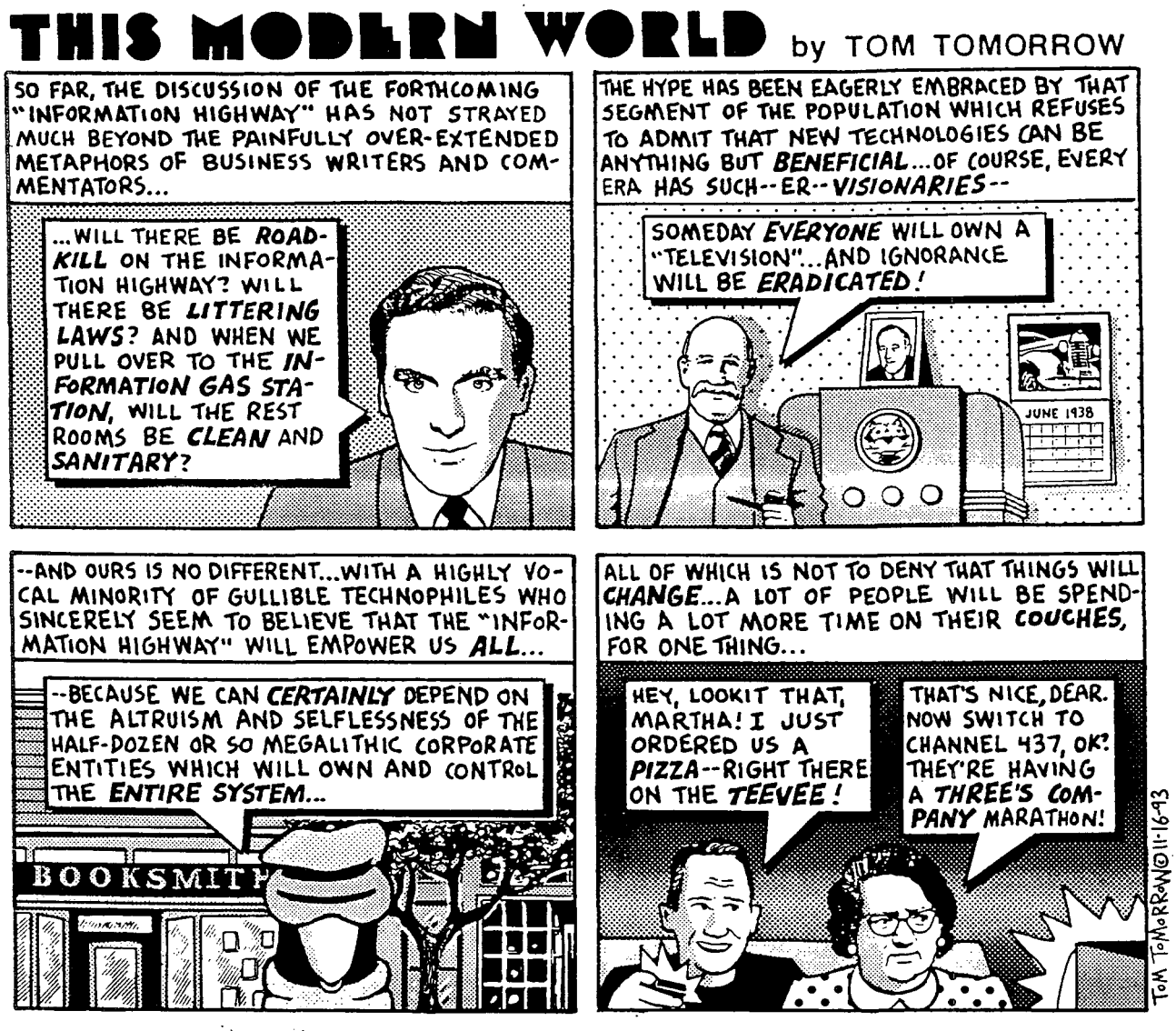
> By borrowing the money and giving it to his campaign, Mr. Clinton was incurring a liability that his financial records suggest he barely could have met without help.

At the time the Clintons have an annual income of about $100,000, do not own a home and have substantial debts including more than $75,000 owed as part of the Whitewater venture. The campaign loan is unsecured and the bank from which it is received is run by Maurice Smith, one of Clinton's own aides. According to *The New Yorker,*. Smith "simply transferred fifty thousand dollars to Clinton's campaign account -- and it was shown on the campaign finance reports as a personal contribution by Clinton to his own campaign."

1985

Maurice Smith is named director of the state highway department, which handles more political patronage than any other state agency.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED


THIS MODERN WORLD by TOM TOMORROW
SO FAR, THE DISCUSSION OF THE FORTHCOMING "INFORMATION HIGHWAY" HAS NOT STRAYED MUCH BEYOND THE PAINFULLY OVER-EXTENDED METAPHORS OF BUSINESS WRITERS AND COMMENTATORS...
...WILL THERE BE ROAD-KILL ON THE INFORMATION HIGHWAY? WILL THERE BE LITTERING LAWS? AND WHEN WE PULL OVER TO THE INFORMATION GAS STATION, WILL THE REST ROOMS BE CLEAN AND SANITARY?
THE HYPE HAS BEEN EAGERLY EMBRACED BY THAT SEGMENT OF THE POPULATION WHICH REFUSES TO ADMIT THAT NEW TECHNOLOGIES CAN BE ANYTHING BUT BENEFICIAL...OF COURSE, EVERY ERA HAS SUCH--ER--VISIONARIES--
SOMEDAY EVERYONE WILL OWN A "TELEVISION"...AND IGNORANCE WILL BE ERADICATED!
JUNE 1938
--AND OURS IS NO DIFFERENT...WITH A HIGHLY VOCAL MINORITY OF GULLIBLE TECHNOPHILES WHO SINCERELY SEEM TO BELIEVE THAT THE "INFORMATION HIGHWAY" WILL EMPOWER US ALL...
--BECAUSE WE CAN CERTAINLY DEPEND ON THE ALTRUISM AND SELFLESSNESS OF THE HALF-DOZEN OR SO MEGALITHIC CORPORATE ENTITIES WHICH WILL OWN AND CONTROL THE ENTIRE SYSTEM...
BOOKSMITH
ALL OF WHICH IS NOT TO DENY THAT THINGS WILL CHANGE...A LOT OF PEOPLE WILL BE SPENDING A LOT MORE TIME ON THEIR COUCHES, FOR ONE THING...
HEY, LOOKIT THAT, MARTHA! I JUST ORDERED US A PIZZA--RIGHT THERE ON THE TEEVEE!
THAT'S NICE, DEAR. NOW SWITCH TO CHANNEL 437, OK? THEY'RE HAVING A THREE'S COMPANY MARATHON!
TOM TOMORROW©11-16-93

Twenty-four Whitewater lots are sold to Ozark Realty Co. for $35,000, assumption of outstanding debt and a twin-engine Piper Seminole airplane valued at $30,000. The sale is not reported on the Clinton's 1985 tax returns. According to the *Washington Post*, the plane goes to McDougal personally (rather than to Whitewater) who sells it to a Little Rock flying service, which a day later sells it to one of McDougal's employees who finances the purchase with a loan from Madison. According to the *New York Times* and *Time* the plane was ultimately purchased by Seth Ward. *Time* says Ward used a loan from Madison to buy the plane.

Whitewater makes overdrafts in its Madison checking account.

The S&L now claims assets of $120 million.

The Rose law firm uses audits from the accounting firm of Frost & Co. to make their case before state regulators on behalf of Madison S&L.

Madison meets disclosure requirements for the island lots and lets buyers know of risks involved.

The Madison S&L recapitalization plan is approved in April -- despite federal regulators being unhappy with the deal -- by state securities department commissioner and former Madison lawyer Beverly Bassett, newly appointed by Clinton. She begins her approval letter: "Dear Hillary." Bassett does not reveal her former connections with Madison.

Also in April, Jim McDougal helps to organize a fund-raiser for Bill Clinton -- at Clinton's request -- to pay off Clinton's $50,000 personal loan.

No records exist of this event; state law permits their destruction after five years, but according to the *Washington* Post most of the 50 to 100 persons present at the event -- held in Madison's lobby -- are stockholders or employees of Madison. Clinton does not attend and McDougal stays in his office most of the time.

A series of checks to Clinton and his campaign are endorsed and deposited in Madison S&L. Clinton aide Bruce Lindsey recalls a deposit slip that noted that McDougal had contributed $3000 to the event. The AP reports that at least $12,000 of the receipts come from

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Madison. The *Washington* Post says that one of the checks -- a cashiers check in the amount of $3000 -- has the name of a 24-year-old college student on it. When informed of this in 1993, the then-student, Ken Peacock, denies having made any such donation. Peacock's father -- who was a major Madison borrower and on its board of directors -- tells the *Post* he doesn't know anything about the check either.

A personal loan taken by Bill Clinton in the amount of $7,322 from the Security Bank of Paragould AK is paid by check from the Whitewater account by Jim McDougal.

In 1994, the *New York Times* will report:

In an interview last year, Mr. McDougal said the appointment of Mrs. [Beverly Bassett] Schaffer and his role in retiring the campaign debt were part of a relationship in which he and Mr. Clinton had done favors for each other. Mrs. Schaffer was his preferred candidate for the post of regulator, he said.

By 1985, however, he had come to resent Mr. Clinton's requests for help on such matters as [his] campaign debt, Mr. McDougal said.

"I was beginning to feel I was getting used," he said. "I would have gotten Bassett anyways," he said of Mrs. Schaffer.

Governor Clinton negotiates major tax concessions to keep International Paper from moving two of its plants out of the state.

According to McDougal, Bill Clinton helps to get the state revenue office to move into one of McDougal's buildings.

Whitewater fails to file corporate tax returns for this year.

1986

Federal regulators remove Jim McDougal as chief of Madison S&L, charging faulty record keeping and diversion of funds.

A Federal Home Loan Bank Board audit describes Madison as financially reckless, rife with conflicts and on the brink of collapse. It says that the S&L's records are so poor that examiners often could not discover the "real nature" of transactions.

About half of the buyers of Madison's island lots cancel the purchase after learning of the risks involved. This helps to push Madison towards insolvency.

Capital Management Services Inc., owned by David Hale, makes an SBA-approved loan of $300,000 to Susan McDougal, sole owner of an advertising firm called Master Marketing. The loan will never be repaid.

Records show that $110,000 of the loan goes to Whitewater as a down payment for property purchased for $550,000 from International Paper Co. The White House will later deny knowledge of the transaction, the largest purchase made by Whitewater. Whitewater will subsequently be named in a lawsuit by International Paper to reclaim the property after a mortgage payment default.

After the purchase, Master Marketing changes its company description to that of a real estate venture.

Whitewater fails to file corporate tax returns for this year.

1987

According to the McDougals, the Whitewater files are transferred to the Clintons. In the 1992 campaign, the Clintons will say they can not find the records. Says Susan McDougal: "Governor Clinton has the records. I delivered them to him. I took them out of the filing cabinets and gave them to my brother who took them to the governor's mansion."

Whitewater fails to file corporate tax returns for this year.

1988

Hillary Clinton writes Jim McDougal enclosing a power of attorney for him to sign "authorizing me to act on your behalf with respect to matters concerning Whitewater Development Corporation." Another power of attorney is enclosed for Susan McDougal. The power of attorney includes the right to endorse, sign and execute "checks, notes, deeds, agreements, certificates, receipts or any other instruments in writing of all matters related to Whitewater Development Corporation." This letter, uncovered in 1993 by Jerry Seper of the *Washington Times*, directly contradicts the claim of the Clinton campaign that the Clintons were "passive shareholders" in Whitewater.

Three weeks later, the Clintons sell the lot used as collateral in Mrs. Clinton's 1980 $30,000 loan. They receive $18,888.

1989

Madison S&L is closed by federal regulators at an eventual cost to taxpayers of $47 million. Before taking over the S&L, writes the *Washington Post*, "regulators were critical of Madison's management, contending it permitted conflicts of interest, inflated real estate appraisals, and unsupported loan documentation and that it failed to collect debts."

Jim McDougal is indicted on federal fraud charges in connection with the failure of Madison Guaranty S&L.

Susan McDougal, who has moved to California and divorced her husband, begins work as personal bookkeeper for conductor Zubin Metha and his wife.

Vince Foster of the Rose firm writes the Federal Deposit Insurance Corporation soliciting business. In the letter, Foster says that "The firm does not represent any savings and loan association in state or federal regulatory matters." It does not mention the firm's former representation of Madison.

FDIC hires Ms. Clinton's law partner Webster Hubbell of the Rose firm (later associate attorney general) to press their case concerning Madison. Rose law firm, now representing FDIC, sues Frost & Co. for $60 million and blames its audits for causing millions of dollars in losses to the S&L. These are the same accountants that

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

were cited by Rose to support its 1985 case urging a recapitalization plan for Madison. The new job earns Rose $400,000 in fees and expenses. Hubbell will later claim he told government officials about his firm's past involvement on behalf of Madison, but government regulators will deny knowing of it. Hubbell does tell federal regulators that his father-in-law, Seth Ward, was president of Madison's real estate investment company. Ward also borrowed over a half million dollars from the S&L which was never paid back. The lawsuit says that the Ward loans were among those that could have been prevented if Frost & Co. had done its accounting work properly.

1990

Jim McDougal is acquitted.

1991

Nearly all of land is gone but Whitewater has remaining assets of about $150,000.

Rose settles the Frost & Co. suit quietly for $1 million.

1992

Questions arise during campaign about the Whitewater deal. Clinton spin doctors keep them under control.

The Clintons sell their half-interest in Whitewater to Jim McDougal for $1000.

RTC tells Justice Department in October that Whitewater may have been a beneficiary of the suspected check-kiting at Madison. The Justice Department fails to take action on the RTC referral, apparently fearing an unfavorable political reaction if it were to act in the final weeks of the presidential campaign.

RTC prepares a 21-page-report targeting the McDougals for criminal investigation. The *Washington Post* would later report:

> The referral named then-presidential nominee Clinton and his wife, as well as current Arkansas Gov. Jim Guy Tucker, as principals in "shell corporations" created by McDougal. It said that while there was insufficient evidence at that point to prove that the Clintons and Tucker knew about suspected check-kiting and account overdrafts authorized by McDougal, they had stood to benefit from such activities.

1993

Vince Foster, the Clintons' attorney, finally files missing Whitewater tax returns, which show no income for the time period in question.

Foster gives a commencement speech to his Arkansas law school, admonishing the graduates: "The reputation you develop for intellectual and ethical integrity will be your greatest asset or your worst enemy. Treat every pleading, every brief, every contract, every letter, every daily task as if your career will be judged on it."

Afta' NAFTA. . .

"There's no way I can get my labor costs down to $1 an hour."
YES YOU CAN
YUCATAN
Where labor costs average under $1 an hour, including benefits.
And the employee turnover rate is less than 5% a year.
We're only 460 miles and 90 minutes by air from the U.S.
And you could save over $15,000 a year per worker if you had an offshore production plant here.
So if you want to see how well you or your plant managers can live here while making your company more profitable, call for a free video tour of the State of Yucatan at 708-295-1793.
When the U.S. is too expensive and the Far East too far.
"Yes You Can In Yucatan."

-- Real ad from the trade journal
Global Production, courtesy of the *New Party*

The Resolution Trust Corporation turns over information on Jim McDougal's use of funds from Madison and Whitewater to the US Attorney in Little Rock, who recuses herself because of past Clinton connections and turns the case over to Justice Department. The RTC usually asks for Justice Department assistance in situations that raise "aggravated suspicion" of possible criminal activity. RTC is looking into allegations that depositors funds from Madison S&L were diverted to Bill Clinton (e.g. via the 1985 fundraiser) and other politicians using overdrawn accounts and Madison-approved loans. Said McDougal to the *Washington Post*, "I never approved an overdraft in the entire time I was down there."

The RTC and SBA investigate the $300,000 SBA-approved loan to Susan McDougal in 1986, provided by Capital-Management Services Inc. The loan firm was owned by David L. Hale. Hale is a former lower court judge who retired in late 1993 after his indictment on federal charges of defrauding the SBA in other loans.

In the summer of 1993, Jim McDougal calls Vince Foster to ask for Whitewater documents and tax records.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IF YOU LIKE THE NEWSLETTER YOU'LL LOVE THE BOOK!

Your editor's new book on the causes and cures of Clintonism, *Shadows of Hope*, will be published in April by Indiana University Press. The book not only critiques the Clinton administration, but describes the disintegration of American politics and various responses to it. The author also gives a concise proposal for a politics of devolution -- explaining how we can return individuals and communities to the center of American political life.

Friends of the *Review* are invited to send us names and addresses of progressively-inclined bookstores, talk show hosts, community newspapers and editors who might take a particular interest in *Shadows of Hope*.

And don't forget to ask your local bookseller to reserve you a copy.

The Progressive Review
1739 Conn. Ave NW
Washington DC 20009
202-232-5544
202-234-6222 (Fax)
ssmith@lgc.org (Internet)

In July 1993, the FBI raids Hale's Little Rock office and seizes documents including those relating to Capital-Management.

Just hours after the search warrant authorizing the raid is signed by a federal magistrate in Little Rock, Vince Foster commits suicide. His suicide note says, "I made mistakes from ignorance, inexperience and overwork." It also says that, "the public will never believe the innocence of the Clintons and their loyal staff."

Shortly before committing suicide, Foster speaks on phone with Jim Lyons, the Clinton' attorney friend who during the campaign cleared them of wrongdoing concerning Whitewater. Lyons claims he and Foster talked only about personal matters. Foster on this day also speaks to someone at the Rose law firm.

Less than three hours after Foster's body is found, his office is secretly searched by Clinton operatives including Ms. Clinton's chief of staff. Another search occurs two days later. Meanwhile, US Park Police (Foster's body was found in a federal park) and FBI agents are not allowed to search the office on grounds of "executive privilege." According to the *Washington Times:*

> The agents were ordered to sit on chairs in a hallway while staff officials went through the documents. The White House officials put several items in a box to be delivered to [the Foster family lawyer] and an FBI agent was reprimanded when he stood up to peer into the room. Investigators who went to Mr. Foster's home also were turned away.

Foster's suicide note is withheld from investigators for some 30 hours. The note, which contains no fingerprints, is in 27 pieces with one piece missing.

In September 1993 Hale tells prosecutors that he made the $300,000 loan to Mrs. McDougal without speaking to her, but after two meetings with Bill Clinton, including an encounter at the state capital at which Clinton allegedly asked: "David, are you going to be able to help Jim and me out?"

At the second meeting, according to Hale, Clinton and Jim McDougal met at McDougal's office and he was told that the pair needed the money to "clean up" financial problems at Madison and that the loan would help. He claims the pair agreed to the amount and terms of the loan. It was decided, he said, to have the check made out to Ms. McDougal so a woman's name would appear in the SBA records.

Hale says everyone knew that Susan McDougal did not qualify for a SBA loan. She and her husband had filed a joint financial statement showing assets in excess of $3 million and the loans were intended for those who were under a disadvantage or could not get loans elsewhere. But, according to Hale, Clinton did not want his name associated with the deal in any way. Says Hale: "I knew what was going on, as we all did. But we were friends, and that's just the way business is done in Arkansas."

Hale offers to testify against others he alleged were involved in the SBA schemes, including Bill Clinton, but is turned down. Hale's attorney, Randy Coleman, says he talked to prosecutors about a deal but that assistant US

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Attorney Fletcher Jackson had said that while he was aware of Mr. Clinton's involvement he had "eight years to retirement and was not looking to do anything to jeopardize it."

Jackson admits the comment but says it referred to giving Hale a free pass by putting him in a pretrial diversion program.

Coleman says he told White House Associate Counsel William H. Kennedy III, another former partner in the Rose law firm, about the situation and remarked that they both had clients with a "mutual problem." Kennedy showed no interest.

Federal investigators are said to be looking into Mrs. Clinton's retainer arrangement.

The president issues a statement that says, "We did nothing improper and I have nothing to say about it."

The White House concedes the president accepted campaign funds from Jim McDougal but says the president does not recall any meetings with Hale, nor does he have "any recollection" about pressuring Hale for the SBA loan. Susan McDougal tells the *Washington Post* that she does not recall the Master Marketing loan. Jim McDougal calls the allegations "ridiculous" and adds, "Bill Clinton and I never discussed any loan with David Hale any time" and said he was willing to take a lie detector test on national television to prove it.

McDougal says the Clintons did not know about the $300,000 loan, nor of the use of it to purchase the International Paper property for Whitewater. Says McDougal to the *Washington Post*: "If you knew the Clintons, they were the last goddamn people on earth you'd consult on a business deal."

The Hale case will now be pursued by a US Attorney with close Clinton ties.

In a story based on the account of four troopers in Governor Clinton's security detail it is alleged that Ms. Clinton had an affair with Vince Foster.

It now appears the long missing Whitewater files have been sitting in the White House office of Vince Foster. The White House stonewalls on release of relevant documents. Ms. Clinton argues that there is no reason to release the Whitewater papers publicly: "They're all related to the independent accountant's report[1] which we had done during the campaign, which proved that we lost money in this deal and as far as we're concerned, that's the story.' Meanwhile Clinton's personal lawyer meets quietly on Dec. 23 with the Justice Department to arrange for the papers to be subpoenaed, which will have the legal effect of keeping them secret at least until used in a trial. The subpoena is issued the following day but is kept secret.

Susan McDougal pleads not guilty on Dec. 29 to charges of embezzling nearly $200,000 from the Mehtas. It is alleged that she forged nearly 300 checks on the Mehtas' account to pay personal expenses.

[1] Actually this report was done by a lawyer and a close Clinton ally.

1994

On the January day that the Justice Department receives a Freedom of Information Act request for the missing Whitewater papers, the White House reveals that the documents are under subpoena.

In face of growing public uproar, President finally agrees to appointment of an independent counsel.

[Certain to be continued]

ROADSIGNS

Drugs

Reduction in use of potentially infected needles among participants in a needle exchange program: 80%

Health

Number of phone calls per hour to a Clinton administration hotline after the White House solicited complaints from possible victims of federal radiation experiments: 500

Number of new government agencies and commissions that would be created by the Clinton health plan: 79

Housing

The proposed 1995 federal budget for housing, corrected for inflation, as a percentage of the first Reagan budget for housing: 41%

Justice

Number of "law and order" crime bills Congress has passed since LBJ's Safe Streets Act: 19

Military

Average cost of a military job to the US taxpayers: $50,000 per year.

Politics

Number of countries with Green parties: 73

Number of countries in 1992 using the mixed proportional representation system of elections (with legislature elected by both district and PR): 3[2]

[2] Germany, Hungary and Bulgaria

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Countries that have adopted the system since 1992: 3[1]

Total population of countries using mixed PR system: 524 million

Number of government workers that government efficiency advocate Al Gore wanted to take with him on his December trip to Russia: 600

Number that went along after Ambassador Thomas Pickering complained: 200

Number of petition signatures required in 1924 to get Robert LaFollette on the presidential ballot in all states: 50,000

Number of petition signatures required in 1992 to get a third party candidate on the presidential ballot in all states: 697,000.

Sex

Percent of Carter's first-year judicial nominees who were white males: 82%

Percent of Reagan's first-year judicial nominees who were white males: 92%

Percent of Bush's first-year judicial nominees who were white males: 74%

Percent of Clinton's first-year judicial nominees who were white males: 38%

Sports

Percent of high school football players in the Seattle area who are injured each year: 33%

Percent of high school girls cross country runners in the Seattle area who are injured each year: 38%

SOURCES

Drugs: *Journal of the American Medical Association* **Health:** *Washington Post,* Princeton Survey Research Associates **Housing:** *Washington* Post **Justice:** *Youth Today* **Military:** Robert Borosage in *Mother Jones* **Politics:** Mike Feinstein Green Party of California, Center for Voting & Democracy, *US News & World Report* **Sex:** *The New Yorker* **Sports:** *Youth Today*

A man dies and goes to Heaven. "Welcome to Heaven," says God, who proceeds to show him around. "Do you have any questions?" God asks at the end of the tour. "Well, there is one thing. Who shot JFK?" "You know," God replied, "I have a theory about that . . ." -- *Joke posted on bulletin board at JFK Assassination Symposium and quoted by* The Texas Observer.

---

[1] Russia, Mexico, New Zealand

THE PROGRESSIVE REVIEW
1739 Connecticut Ave NW
Washington DC 20009-8922

Use this form to subscribe, renew or change your address

[ ] One year $16
[ ] Two years $29
[ ] Foreign one year $26
[ ] Contribution enclosed $_____
[ ] Please correct my address at right

Mail with check to address above

SUBSCRIBER NEWSLETTER

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED